

Message Text

UNCLASSIFIED POSS DUPE

PAGE 01 KHARTO 00501 201057Z

61

ACTION AF-06

INFO OCT-01 EUR-12 ISO-00 SP-02 AID-05 EB-07 NSC-05

CIEP-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

COME-00 FRB-01 INR-07 NSAE-00 USIA-15 XMB-04 OPIC-06

LAB-04 SIL-01 AGR-10 /109 W
----- 042077

R 201010Z FEB 76

FM AMEMBASSY KHARTOUM

TO SECSTATE WASHDC 1165

INFO AMEMBASSY BUDAPEST

UNCLAS KHARTOUM 0501

PASS EXIM AND USDOC FOR MEPD (J. SANDS)

E.O. 11652: N/A

TAGS: BENC, EFIN, EIND, SU, HU

SUBJECT: MAJOR EXPORT PROJECTS - SUDANESE/HUNGARIAN
SPINNING MILL

REF: 75 KHARTOUM 1964 (NOTAL), 75 STATE 231921 (NOTAL)

1. SUBSEQUENT YAOUNDE CONFERENCE (REF CONVERSATION WITH HUBER AND SANDS) EMBOFF HAS SPOKEN WITH AMATEX REP FRANK WARD AND SUDANESE INVESTOR TAHA EL-ROUBI (LOCAL GM DISTRIBUTOR AND SOLE MANUFACTURER OF AUTOMOTIVE BATTERIES). LATTER TWO HAD JUST MET WITH HUNGARIAN OFFICIALS OF ENTERPRISE WHICH WOULD MANAGE MILL AND IMPORT ITS PRODUCTION. ALL NECESSARY ELEMENTS APPEAR TO BE PRESENT FOR EXCELLENT PROJECT, AND, EXCEPT FOR EL-ROUBI'S FORMAL APPLICATION (WHICH HE IN PROCESS OF WRITING), ONLY FACTOR MISSING IS EXIM AGREEMENT TO ASSIST IN FINANCING.

2. UNDERSTAND CHASE MANHATTAN BANK-NYC (KENNETH PALMER) HAS ALL RELEVANT INFO. TO SUMMARIZE KEY
UNCLASSIFIED
UNCLASSIFIED

PAGE 02 KHARTO 00501 201057Z

POINTS, MILL WOULD HAVE U.S. EXPORT VALUE OF ABOUT \$10 MILLION. IT WOULD BE 60 PERCENT SUDANESE-OWNED

(THREE INVESTORS, WITH TAHA EL-ROUBI IN MAJORITY POSITION; SEE WTDR ON HIS FIRM DATED SEPT. 1975), 40 PERCENT HUNGARIAN. LATTER DESPITE SPECIFICATION OF U.S. EQUIPMENT, WOULD OFFER GUARANTEES TO (A) TAKE FULL PRODUCTION OF MILL AT WORLD PRICES, PAYABLE IN HARD CURRENCIES, OVER MINIMUM 10-YEAR PERIOD AND (B) COVER ITS PRO-RATA SHARE OF FOREIGN DEBT. IN ADDITION, ACCORDING EL-ROUBI, PROPOSED COMPANY HAS RECEIVED GOS APPROVAL TO RETAIN 30 PERCENT OF EXPORT VALUE IN FOREIGN ESCROW ACCOUNT, WHICH AMOUNT WOULD BE "MORE THAN SUFFICIENT" COVER DEBT SERVICING PAYMENTS.

3. WE REGARD THIS PROJECT AS ONLY ONE OF A NUMBER OF OUTSTANDING EXAMPLES OF OPPORTUNITIES FOR (A) U.S. FIRMS TO SELL TO EXPORT-ORIENTED SUDANESE INDUSTRIES, IN THIS CASE SPINNING AND WEAVING (REF 75 KHARTOUM A-59) AND (B) EXIM TO SUPPORT EXPORTS WITH ABOUT AS LITTLE ADDITIONAL REAL COUNTRY EXPOSURE AS ONE CAN IMAGINE SHORT OF A FULL THIRD COUNTRY GUARANTEE. WE REALIZE RED SEA SPINNING HAS PROVEN TO BE BAD PRECEDENT FOR LOANS TO SUDANESE PRIVATE SECTOR (ALTHOUGH WE NOTE THAT ARREARAGES DO NOT EQUATE TO BAD DEBT). NONETHELESS, WE THINK IT WOULD BE MISTAKE TO GENERALIZE FROM THAT EXPERIENCE. FROM NUMBER OF STANDPOINTS, THIS PROJECT IS FAR SUPERIOR AND HENCE DESERVES SYMPATHETIC EXIM HEARING.

4. REQUEST USDOC/MEPD CONTACT AMATEX (HUGH BALLARD), CHASE, AND EXIM TO EXPLORE POSSIBILITY OF ISSUING PRELIMINARY COMMITMENT FOR PROJECT AS SOON AS POSSIBLE. LIKE MOST SUDANESE, EL-ROUBI IS VERY FAVORABLY DISPOSED TO U.S. TECHNOLOGY. HE IS NOT WEDDED TO IT, HOWEVER, AND COMPETING FOREIGN SUPPLIERS AND THEIR FINANCIERS WOULD BE ONLY TOO HAPPY TO HAVE THIS BUSINESS. BREWER

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TEXTILES, FINANCE, INDUSTRIAL PLANTS, PROGRAMS (PROJECTS)
Control Number: n/a
Copy: SINGLE
Draft Date: 20 FEB 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976KHARTO00501
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760064-0836
From: KHARTOUM
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760231/aaaabaky.tel
Line Count: 95
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AF
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 76 KHARTOUM 1964, 76 STATE 231921
Review Action: RELEASED, APPROVED
Review Authority: ullricre
Review Comment: n/a
Review Content Flags:
Review Date: 23 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23 JUL 2004 by oatisao>; APPROVED <26 AUG 2004 by ullricre>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MAJOR EXPORT PROJECTS - SUDANESE/HUNGARIAN SPINNING MILL
TAGS: BENC, EFIN, EIND, SU, HU, XMB
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006